



Rhode Island Department of Revenue Division of Taxation

August 28, 2017

NOTICE TO ALL VEHICLE DEALERS

This Notice is to inform you that, on and after September 15, 2017, Rhode Island sales and use tax must be applied to documentation fees, title preparation fees, and other such miscellaneous fees that are charged in motor vehicle transactions (including, but not limited to, the sales of motor vehicles). In other words, the Rhode Island sales and use tax applies to the gross sales price – including all documentation fees, title preparation fees, and other such miscellaneous fees.

Example: XYZ Motor Sales Inc., a dealership in Providence, R.I., sells a car to a Providence resident for \$24,000. As part of the transaction, XYZ Motor Sales Inc. also charges a \$200 documentation fee and a \$20 title preparation fee. The 7 percent Rhode Island sales and use tax rate applies to the gross sales price of \$24,220 – which includes the \$24,000 car price, the \$200 documentation fee, and the \$20 title preparation fee. Thus, in this example, the tax due on the purchase is \$1,695.40 (\$24,220 times 0.07).

Example	
Car price	\$ 24,000.00
Documentation fee	\$ 200.00
Title preparation fee	\$ 20.00
Gross sales price (including car price and fees)	\$ 24,220.00
Sales tax (at 7 percent)	\$ 1,695.40

When you complete the dealer statement of sale on Form T-336, include all documentation and title preparation fees, and other such miscellaneous fees, as part of the gross sales price of the motor vehicle. If you sell a motor vehicle to a *bona fide* nonresident (whose state of residence does not allow a like exemption to its nonresidents), include all documentation and title preparation fees, and other such miscellaneous fees, in the gross sales price.

Under Rhode Island General Laws § 44-18-12(a), the term “sales price” applies to the measure subject to sales tax. The term means the total amount of consideration, including cash, credit, property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for charges by the seller for any services necessary to complete the sale (other than delivery and installation charges, as defined in statute).

CONTACT INFORMATION

For questions about this notice, contact the Rhode Island Division of Taxation’s Excise Tax section by telephone at (401) 574-8955, by email: Tax.Excise@tax.ri.gov, or by mail: Rhode Island Division of Taxation, One Capitol Hill, Providence, R.I. 02908.

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